



Regulatory landscape

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Agenda

1. The advice landscape
2. Canadian Investment Regulatory Organization (CIRO)
3. Regulatory focus for advisors
4. Total cost reporting
5. Titles
6. Digitalization

The advice landscape

Advisors have played a key role in helping Canadians build retirement wealth



ADVISORS IN ABUNDANCE

72% of retail **investments** use an advisor.



TRUST AND SATISFACTION

91% of mutual fund and ETF **investors** are **satisfied** with their advisors.



ADVICE AND THE MODEST INVESTOR

53% of advised Canadians have **less than \$100,000** in investible assets.



VALUE OF ADVICE

Canadians using a financial advisor accumulated **substantially more assets** than comparable non-advised investors.

Source: The Canadian 2022 Pollara Survey, the Canadian 2023 Pollara Survey and the Cirano Institute 2022.

Canadian Investment Regulatory Organization (CIRO)



Officially launched
January 3, 2023



New proficiency
model



FY2024 priorities



Approach on directed
commissions



Regulatory focus for advisors



Conflict of interest
dealer compliance sweeps

CSA/CIRO

Completed



KYC, KYP and suitability
advisor compliance sweeps

CSA/CIRO

Upcoming

Identify a reasonable range of alternatives

Assess risk capacity and risk tolerance

Conduct product due diligence

Source: Canadian Securities Administrators and Canadian Investment Regulatory Organization.



Total cost reporting

Final rules from insurance (CCIR) and securities (CSA) regulators

New definition:

$$\text{Fund Expense Ratio (FER)} = \text{MER} + \text{TER}$$

CSA will include:



FER % and

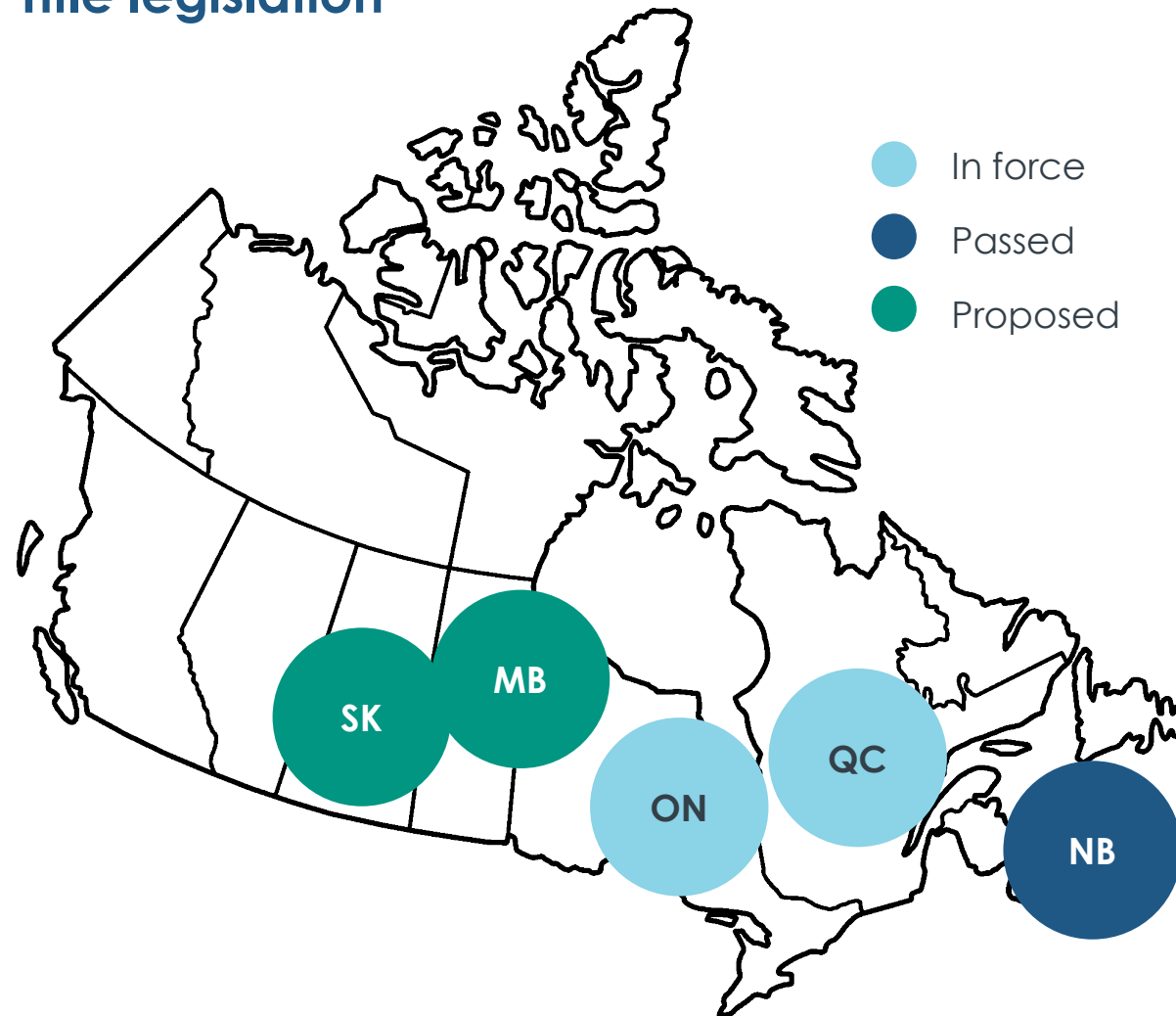


Total aggregated dollar value of fund expenses on annual report of charges and other compensation

Begins in 2027 for the period ending Dec 31, 2026

Titles

Title legislation



- Need approved credential to use “financial advisor” or “financial planner” title
- CIRO working with FSRA on becoming a credentialing body



Digitalization

- CSA issued consultation for access-based delivery for investment funds
- KPMG study on FIC's average annual regulatory paper consumption
- Behavioural insights research on investor communications
- IFIC Canadian mutual fund and ETF fund investor survey



Thank you!